

# Montana Economy at a Glance Quarterly Edition

Robert C. Marvin, Editor

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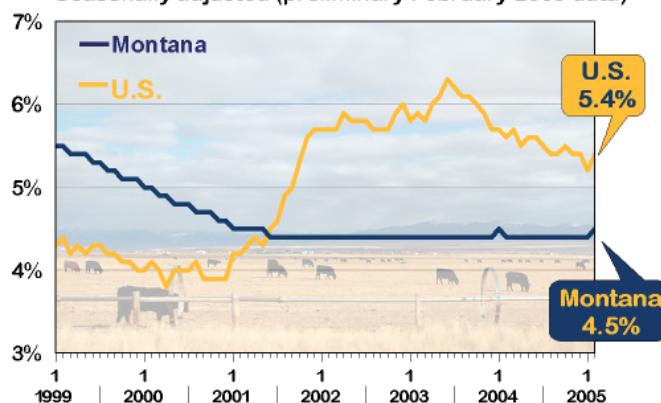
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**RESEARCH & ANALYSIS BUREAU**  
WORKFORCE SERVICES DIVISION  
MONTANA DEPARTMENT OF LABOR & INDUSTRY

## Unemployment Rate

Seasonally adjusted (preliminary February 2005 data)



Montana's seasonally-adjusted unemployment rate rose to 4.5% in February 2005 from 4.4% in January 2005. The U.S. rate also increased, reaching 5.4% for February 2005.

## Nonfarm Employment

January 2001 - February 2005



Montana's seasonally-adjusted nonagricultural payroll employment was up 7,600 jobs (1.9%) over-the-year for February. The largest gains were in Construction, which was up by 1,600 jobs (6.8%); Education & Health Services, up 1,400 jobs (2.6%); and Leisure & Hospitality, up 1,400 jobs (2.6%). Natural Resources and Mining also showed significant gains, increasing by 13.2% (900 jobs) over-the-year.

## UNEMPLOYMENT BY COUNTY

	Feb. 2005*	Feb. 2004		Feb. 2005*	Feb. 2004		Feb. 2005*	Feb. 2004
UNITED STATES	5.8%	6.0%	Glacier	10.2%	10.0%	Powder River	6.1%	7.2%
MONTANA	5.5%	5.4%	Golden Valley	5.8%	9.5%	Powell	8.1%	7.2%
Beaverhead	5.1%	4.7%	Granite	7.8%	6.5%	Prairie	6.9%	8.5%
Big Horn	12.0%	11.9%	Hill	5.5%	4.8%	Ravalli	6.9%	7.1%
Blaine	6.2%	5.7%	Jefferson	5.5%	5.4%	Richland	4.4%	4.2%
Broadwater	5.3%	5.5%	Judith Basin	7.4%	5.5%	Roosevelt	7.7%	6.4%
Carbon	4.4%	4.2%	Lake	8.1%	7.9%	Rosebud	6.4%	5.7%
Carter	4.0%	3.4%	Lewis & Clark	5.1%	4.6%	Sanders	8.6%	9.2%
Cascade	5.0%	4.8%	Liberty	5.9%	5.3%	Sheridan	4.5%	5.5%
Chouteau	5.1%	4.5%	Lincoln	11.7%	12.8%	Silver Bow	6.0%	6.0%
Custer	5.6%	5.2%	McCone	5.4%	4.7%	Stillwater	4.2%	4.0%
Daniels	4.1%	5.4%	Madison	5.4%	5.9%	Sweet Grass	2.8%	3.1%
Dawson	4.5%	5.2%	Meagher	6.7%	6.8%	Teton	5.2%	4.8%
Deer Lodge	8.0%	7.9%	Mineral	8.6%	7.8%	Toole	4.2%	3.6%
Fallon	3.8%	4.1%	Missoula	4.9%	4.5%	Treasure	6.5%	5.6%
Fergus	7.8%	7.6%	Musselshell	5.3%	5.0%	Valley	5.9%	5.2%
Flathead	7.0%	7.4%	Park	5.6%	5.6%	Wheatland	6.5%	6.6%
Gallatin	3.9%	3.8%	Petroleum	6.1%	8.1%	Wibaux	3.9%	3.6%
Garfield	6.9%	5.0%	Phillips	6.4%	7.0%	Yellowstone	4.1%	3.8%
			Pondera	6.8%	6.7%			

\* 2005 rate preliminary

## UNEMPLOYMENT BY STATISTICAL AREA

### Metropolitan Statistical Areas

	Feb. 2005*	Feb. 2004
Billings	4.1%	3.8%
Great Falls	5.0%	4.8%
Missoula	4.9%	4.5%

### Micropolitan Statistical Areas

	Feb. 2005*	Feb. 2004
Bozeman	3.9%	3.8%
Butte-Silver Bow	6.0%	6.0%
Havre	5.5%	4.8%
Helena	5.1%	4.7%
Kalispell	7.0%	7.4%

\* 2005 rate preliminary

## EMPLOYMENT BY INDUSTRY

Industry Employment (in thousands)	Feb. 2005	Feb. 2004	Net Change	Percent Change
Total Non-Agricultural	413.0	405.4	7.6	1.9%
Natural Resources & Mining	7.7	6.8	0.9	13.2%
Construction	25.2	23.6	1.6	6.8%
Manufacturing	19.3	19.1	0.2	1.0%
Trade, Transportation, Utilities	86.2	86.1	0.1	0.1%
Information*	7.8	7.6	0.2	2.6%
Financial Activities	21.2	20.9	0.3	1.4%
Professional & Business Services	32.9	32.2	0.7	2.2%
Education & Health Services	54.9	53.5	1.4	2.6%
Leisure & Hospitality	54.3	52.9	1.4	2.6%
Other Services*	16.9	16.4	0.5	3.0%
Total Government	86.6	86.3	0.3	0.3%

\*These series are not seasonally adjusted

# The Quarterly Census of Employment and Wages

*By Mike Peery*

When compiling employment and wage data, the more units in your sample the better. Some data series take a sample of a few thousand employers and create an estimate using advanced statistical modeling. We are fortunate in the Research & Analysis Bureau to have one of the most comprehensive data series available that is much more than just a sample. The Quarterly Census of Employment & Wages Program, or QCEW for short, compiles employment and wage data from all employers covered under Montana unemployment insurance. This data is compiled on a quarterly basis by county, industry and ownership. This gives us a comprehensive look at the data actually reported by over 40,000 Montana employers.

This program provides actual counts of payroll jobs that can help tell the story of the economy in Montana. Since the data is collected quarterly, there can be a 6 month time lag from the end of the reference quarter until we can release the data. For instance, the most recent data we have available right now is for the 3<sup>rd</sup> quarter of 2004 (July, August and September). We are currently working on compiling and editing data for 4<sup>th</sup> quarter 2004, and it will be available for release late in May. We will provide that information to you in our next expanded issue of Economy at a Glance.

The QCEW program puts all business establishments into industry categories using the North American Industry Classification System, or NAICS. The NAICS coding system replaces the old Standard Industrial Classification (SIC) system of the 1980's. Under NAICS there are 20 major Sectors that represent the general categories of economic activities. Let's look at some of the major industry sectors in Montana and what the data shows comparing 3<sup>rd</sup> quarter 2004 to data from the same quarter of the previous year.

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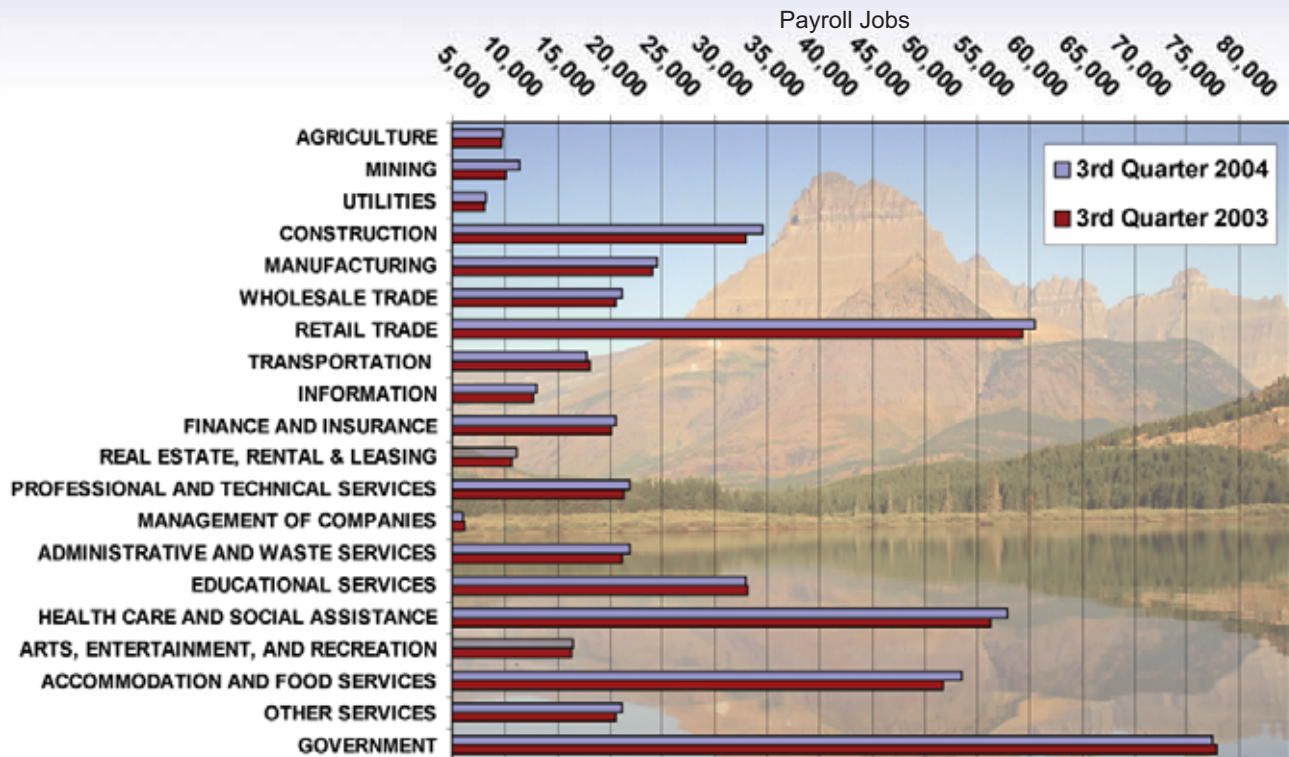
The Mining industry showed strong growth of over 26% by adding over 1,300 jobs, thus reaching an average employment level of 6,378 for the quarter. Construction remains strong in Montana showing employment of 29,579 in 3<sup>rd</sup> quarter 2004. This is up over 1,600 jobs from the previous year, an increase of almost 6%.

The Accommodations and Food Services Sector remains steady with a 3.7% increase in jobs, reaching 48,547 for the quarter. This sector includes lodging and eating and drinking establishments in the state. Health Care also remains steady with an increase of 3.3%, reaching almost 53,000 payroll jobs for the quarter. It is one of the largest industry sectors in Montana, comprising almost 16% of the state's private sector jobs.

While not declining, Manufacturing continues to show slow growth, gaining only 449 jobs over the year (a 2.4% growth rate), for a total of 19,484 jobs. Retail Trade, the largest of sector of private employment in the state, showed a modest 2% increase over the year of just less than 1,100 new jobs.



**Montana Quarterly Census of Employment & Wages**  
**3rd Quarter 2003 vs. 3rd Quarter 2004**  
**Major Industry Sectors**



There were only four out of the 20 major industry sectors that showed a decrease over the year. The largest sector showing decline was Management of Companies and Enterprises with almost a 15% decrease. This sector includes corporate, district and regional offices as well as holding companies. Government as a whole showed a decrease of over 400 jobs, over half of which were in State Government. The other two sectors were pretty evenly matched. Transportation and Warehousing showed a decrease of just over 200 jobs, and Educational Services also showed a decrease of just over 200 jobs.

Stay tuned for our next expanded issue of the Economy at a Glance when we release the latest numbers from the QCEW program, which will include the 2004 annual averages.

### Carbon County Flier Now Available

The Research & Analysis Bureau has released its latest informational flier for Carbon County. Fliers for Stillwater, Missoula, and Cascade Counties will follow shortly.

R&A's County Fliers provide information on the local labor force, population by age, race, and gender, employment by industry, per capita personal income, number of farms and ranches by category, and more.

To download these fliers, visit our website at [www.ourfactsyourfuture.org](http://www.ourfactsyourfuture.org), and click "State & County Fliers" on the left sidebar menu, then choose a county.

# Current Employment Statistics (CES) Benchmarking

*By Douglas Burtosky, Research Specialist*

The Current Employment Statistics (CES) program is a monthly survey of business establishments which provides estimates of employment, hours, and earnings by industry for the entire state and for the three metropolitan areas of Billings, Great Falls, & Missoula. The level of nonagricultural wage and salary employment is based on an estimate of the month-to-month change in a verified level of employment.

Because the CES program produces estimates based on a sampling of employers, the survey is susceptible to two sources of error: sampling error and non-sampling error. Sampling error is present any time a sample is used to make inferences about a population because the sample doesn't perfectly describe the total population of businesses in Montana. Non-sampling errors are due to such things as industry classification changes of businesses and the opening and closing of businesses during the year.

To correct for these errors, the CES estimates are adjusted each year during the process known as benchmarking. A **benchmark** is defined as a point of reference from which measurements can be made, or upon which adjustments are based. The employment benchmark is a nearly complete count of all employees in an industry at a specific point in time, and sets the level of employment from which the month-to-month change is measured.

The main source of the benchmark data is the Quarterly Census of Employment and Wages

(QCEW), which is a complete count of all employees covered by Montana unemployment insurance laws. The QCEW is adjusted by special surveys to include employees not covered by unemployment insurance laws.

Nonagricultural wage and salary employment estimates are compared to the QCEW on an annual basis and adjusted accordingly (benchmarked) for estimation errors that may have occurred. The original sample-based estimates are replaced with benchmark data from the previous year through at least March of the benchmark year. In the current 2004 benchmark, the estimates from January 2003 to September 2004 were replaced with UI-based universe counts. Once the new levels for September 2004 were determined, the estimates for October 2004 forward were recalculated by applying the appropriate month-to-month changes to the new levels.

## How do benchmarks differ from estimates?

A benchmark revision is the difference between the benchmark employment level for a given March and its corresponding sample-based estimate. The overall accuracy of the establishment survey is usually gauged by the size of this difference.

Table 1 (page 6) gives information on employment levels by industry from the March 2004 benchmark. At the total private level, nonagricultural employment was revised by 0.9%.

# MONTANA ECONOMY AT A GLANCE - FEBRUARY 2005

**Table 1 - Benchmark evaluation of all employees for major industry divisions in Montana  
(employment in thousands)**

	Final Estimate Mar. 2004	Benchmark Mar. 2004	Amount Revised Mar. 2004	Percent Revised Mar. 2004
<b>Total Nonagricultural</b>	<b>395.7</b>	<b>399.4</b>	<b>3.7</b>	<b>0.9%</b>
<b>Total Private</b>	<b>308.3</b>	<b>311.8</b>	<b>3.5</b>	<b>1.1%</b>
<b>Goods Producing Industries</b>	<b>44.8</b>	<b>46.4</b>	<b>1.6</b>	<b>3.6%</b>
<b>Service Providing Industries</b>	<b>350.9</b>	<b>353</b>	<b>2.1</b>	<b>0.6%</b>
<b>Natural Resources &amp; Mining</b>	<b>6.2</b>	<b>6.6</b>	<b>0.4</b>	<b>6.5%</b>
<b>Construction</b>	<b>20.4</b>	<b>21.1</b>	<b>0.7</b>	<b>3.4%</b>
<b>Manufacturing</b>	<b>18.2</b>	<b>18.7</b>	<b>0.5</b>	<b>2.7%</b>
<b>Trade, Transportation, Utilities</b>	<b>82.9</b>	<b>84.3</b>	<b>1.4</b>	<b>1.7%</b>
<b>Information</b>	<b>7.7</b>	<b>7.7</b>	<b>0.0</b>	<b>0.0%</b>
<b>Financial Activities</b>	<b>20.6</b>	<b>20.8</b>	<b>0.2</b>	<b>1.0%</b>
<b>Professional and Business</b>	<b>32.1</b>	<b>31.6</b>	<b>-0.5</b>	<b>-1.6%</b>
<b>Educational and Health</b>	<b>54.1</b>	<b>54.3</b>	<b>0.2</b>	<b>0.4%</b>
<b>Leisure and Hospitalities</b>	<b>49.9</b>	<b>50.1</b>	<b>0.2</b>	<b>0.4%</b>
<b>Other Services</b>	<b>16.2</b>	<b>16.6</b>	<b>0.4</b>	<b>2.5%</b>
<b>Government</b>	<b>87.4</b>	<b>87.6</b>	<b>0.2</b>	<b>0.2%</b>

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